

A Glimpse into the FY10 General Fund Budget

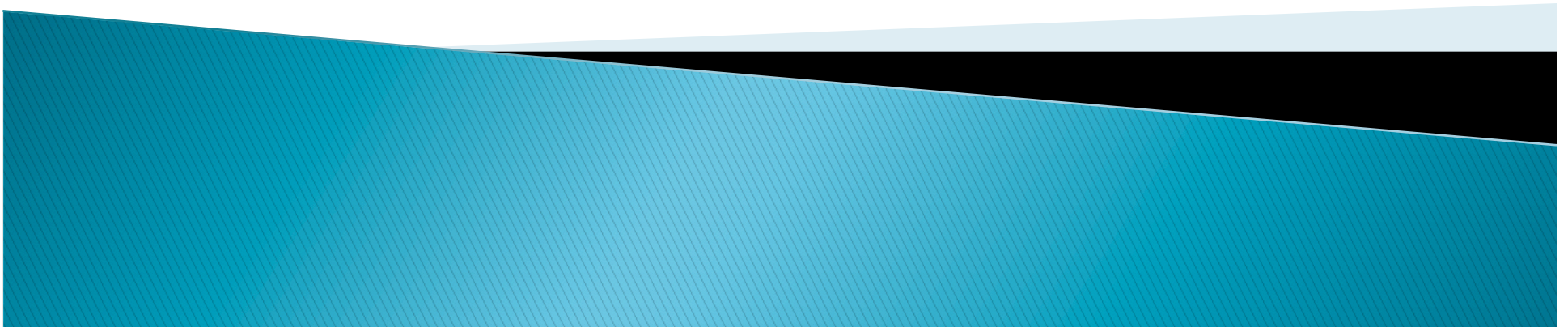
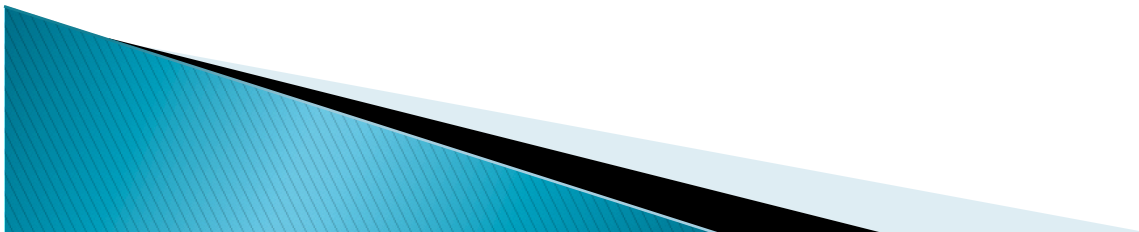
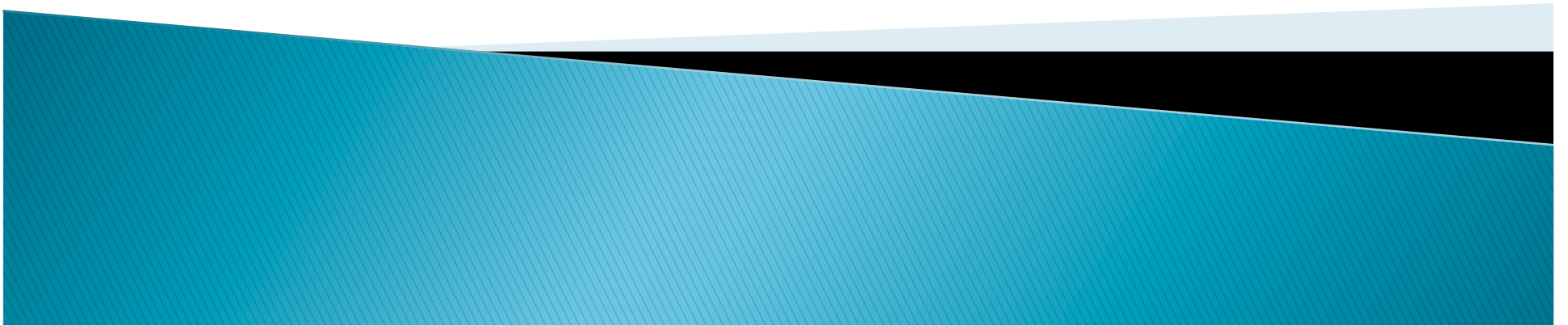


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Budget Background Information



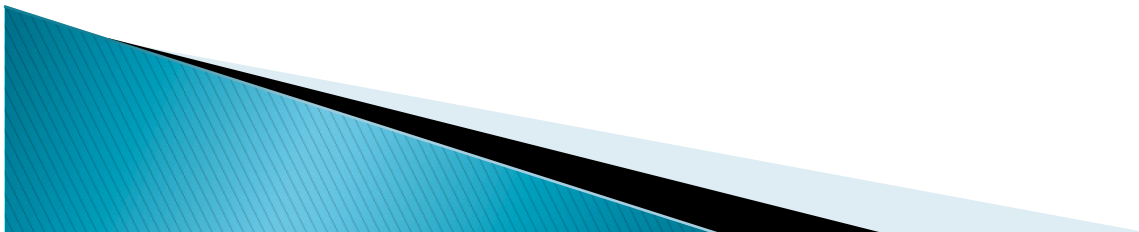
Budget Background Information

- ▶ City's fiscal year is July 1 – June 30
- ▶ In FYxx, the year (xx) = last year of the span
 - For example, FY10 = fiscal year 7/1/09–6/30/10
- ▶ Difficult to predict revenues/expenses 15 months in advance
 - In April, must predict revenues/expenses
 - Cannot yet compare current actual to previous actual
- ▶ City's budget is very complex
- ▶ This report deals only with the General Fund
 - The General Fund is the City's primary operating budget for providing core services



Budget Background Information

- ▶ The General Fund pays for . . .
 - Building Development Services
 - City Attorney's Office
 - City Clerk's Office
 - City Council expenses
 - Includes Internal Auditor
 - City Manager's Office
 - Debt Service Transfers
 - Finance Department
 - Fire Department
 - Human Resources Office
 - Information Systems Department

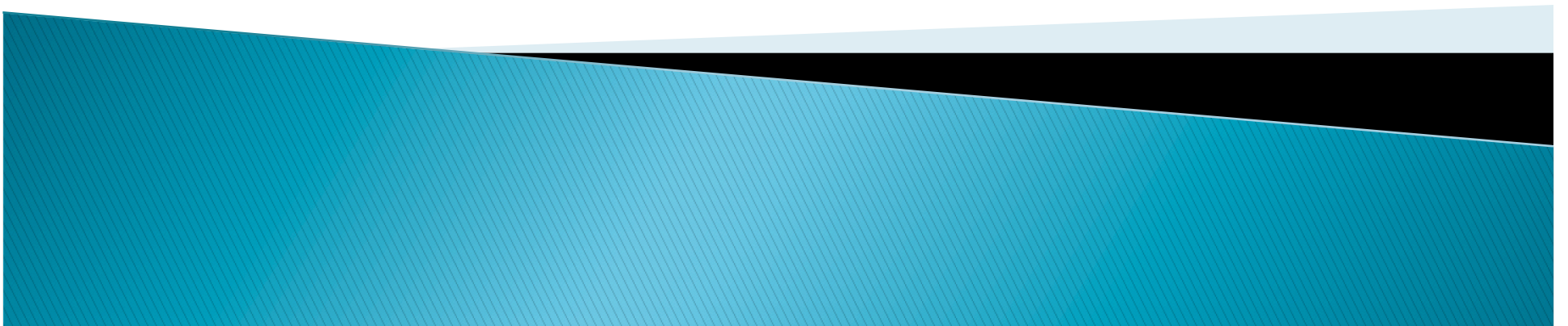


Budget Background Information

- ▶ The General Fund pays for (continued) . . .
 - Municipal Court
 - Non-Departmental expenses (e.g. General insurance premiums, postage, service payments to Emergency Mgmt, advertising, drug testing, bank charges, etc.)
 - Operating Transfers (parks, health, transportation)
 - Planning & Development Department
 - Police Department
 - Public Information Office (general administration, reception desk, Citizen Service office)
 - Public Works (administration, engineering, storm water and general maintenance services)

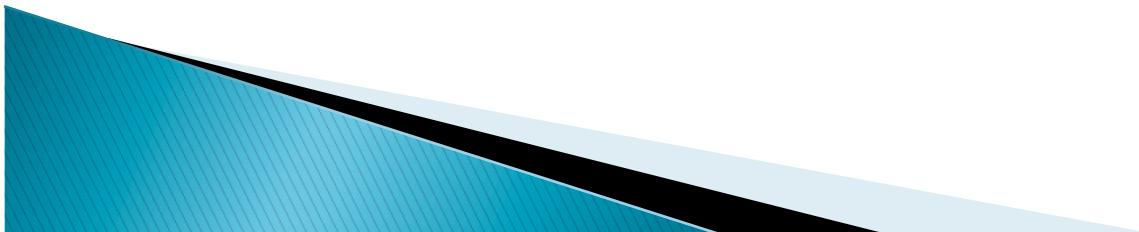


Principles Used to Develop Budget

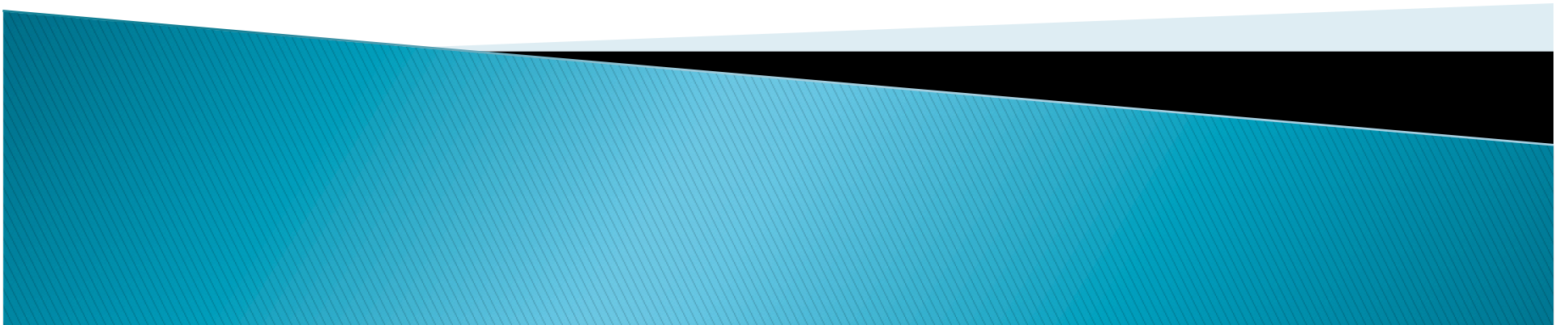


Principles Used to Develop Budget

- ▶ Focus on retaining core services
- ▶ Retain jobs
- ▶ Retain communication as a Council priority
- ▶ Be creative
- ▶ Focus on ongoing costs -- limit use of one-time funding sources
- ▶ Avoid additional across-the-board cuts
- ▶ Balance budget without using rainy day funds



Budget Revenues – General Fund



Budget Revenues – General Fund

- ▶ FY09 Budgeted Revenues
\$73.5 M

(Starting Point)

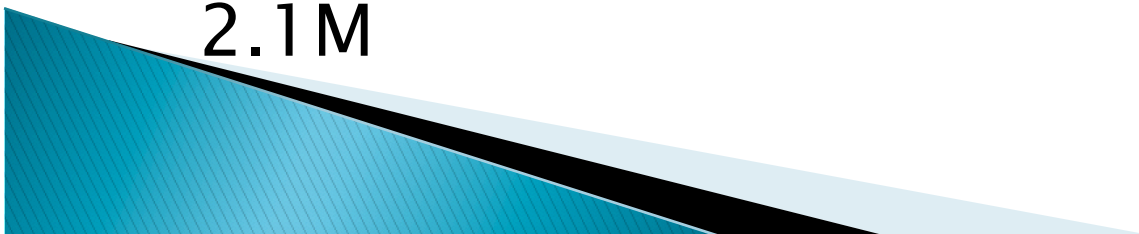
REDUCTIONS IN REVENUES – FY09 to FY10 (Based on Actual Experience Through April, 2009):

- ▶ Reduction in Sales Tax \$ 3.3 M

Due to lagging sales tax growth

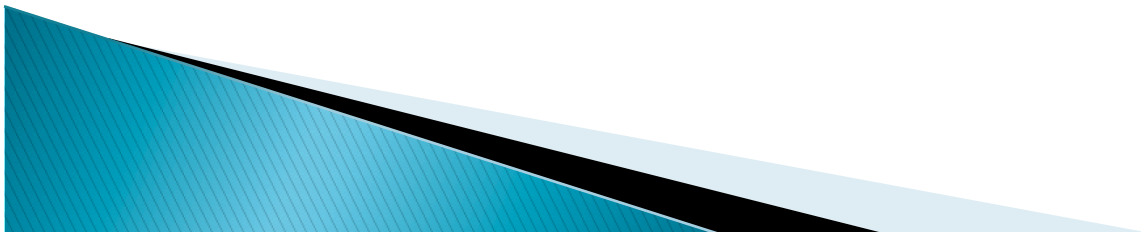
Sales tax revenues to-date are 2.73% below last year's actuals

- ▶ One-time funds used in prior years \$
2.1 M



Budget Revenues – General Fund

- ▶ Note: Budget Scenario #3 (see handout) assumed . . .
 - 1.5% sales tax revenue decrease in FY09
 - 1.5% sales tax revenue decrease in FY10
- ▶ Unfortunately, we have already experienced a 2.73% sales tax revenue decrease thus far this year (FY09)
- ▶ However, the City experienced some unexpected good news when the AT&T telecommunications lawsuit was settled . . .



Budget Revenues – General Fund

ADDITIONS TO REVENUES:

- ▶ Growth in Gross Receipts Tax \$ 2.3 M

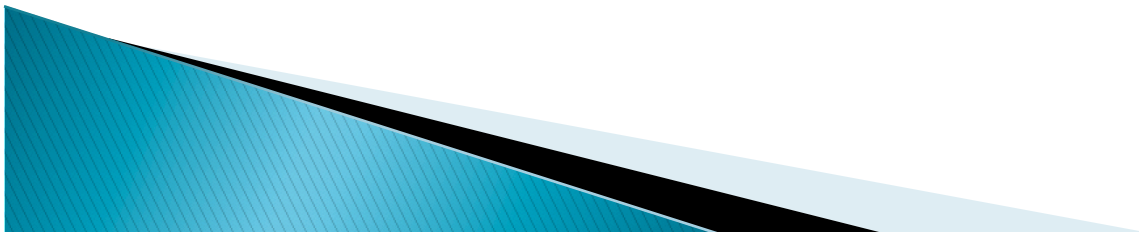
Due to increased telecom payments and inclusion of AT&T taxes no longer being paid under protest

- ▶ Overhead Allocation Study \$ 0.5 M

Estimated revenue from study expected soon

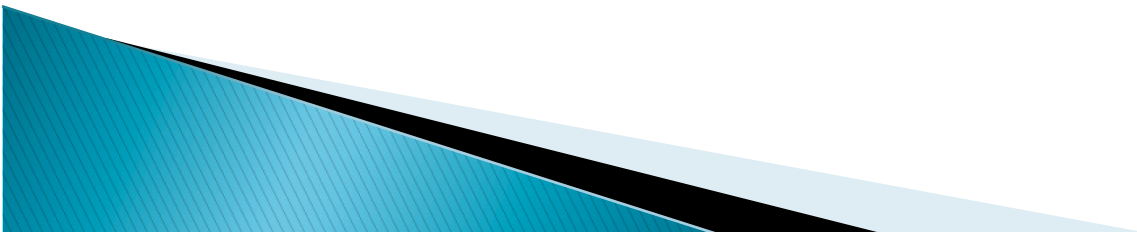
- ▶ Other Revenue Growth \$ 0.4 M

Net increase in all other revenues (for example, PILOTS increased while licenses, permits, fines, and charges for services declined slightly)



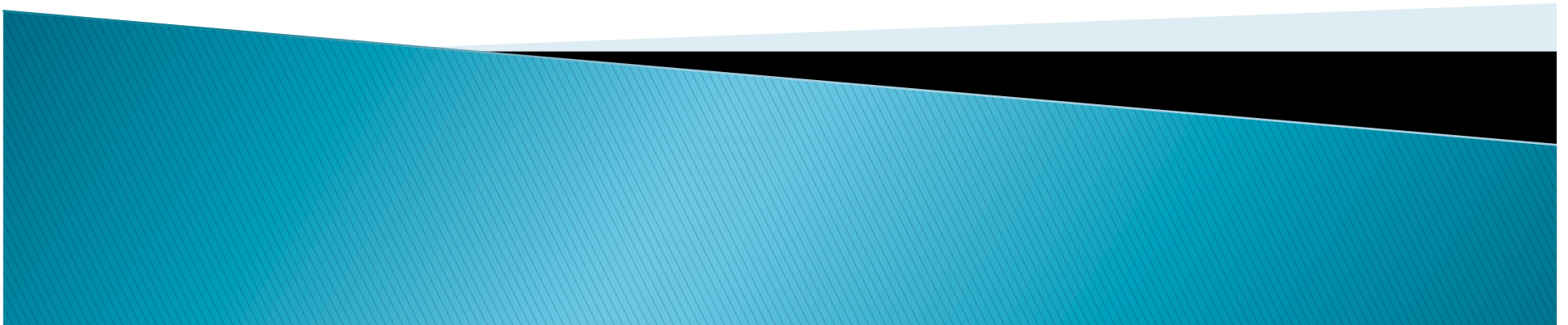
Budget Revenues – General Fund

- ▶ FY09 Budgeted Revenues: \$73.5 M
- ▶ FY10 Budgeted Revenues: \$71.3 M
- ▶ *Net reduction in budgeted revenues of \$2.2M*
 - FY09 budget includes \$2.1 million of one-time funds that will need to be replaced with growth in other revenues and/or budget cuts for FY10
 - FY10 budget sales tax revenues projected to be the same as FY09 anticipated sales tax revenues; however, the budget for sales tax in FY09 was \$3.3 million below budget
 - FY10 budget revenues includes \$3.2 million from (a) new revenue (overhead charge) and (b) growth in revenues (gross receipts, PILOTS, etc)



Significant Budget Components

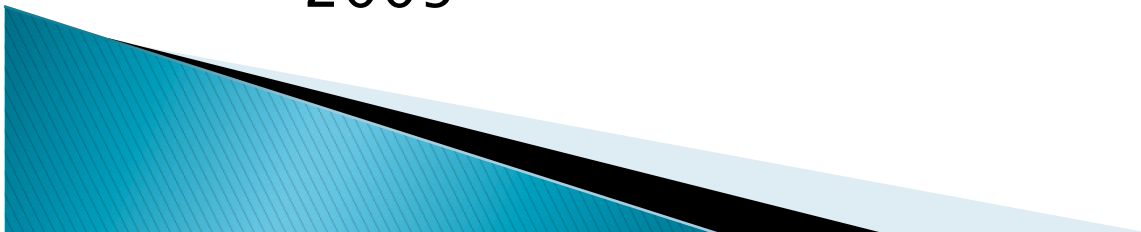
Recommendations



Significant Budget Components

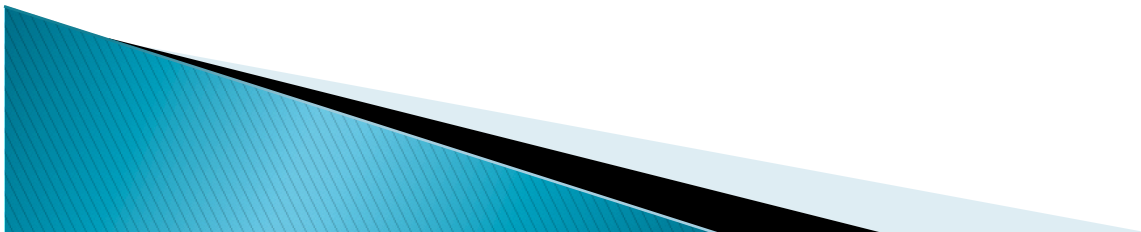
- 5.2 million in Cuts from FY09 budget will remain in place
 - 36.4 positions frozen in General Fund
 - 9.25 positions frozen in Parks, Health, and Transportation Funds
 - (Details provided in handout – *memo provided to City Council, January, 2009*)

- Hiring freeze (General Fund) implemented in January, 2009 will remain in place -- 32.5 positions frozen to-date (see handout)
 - Helps City cut an additional \$1.8M by June 30, 2009



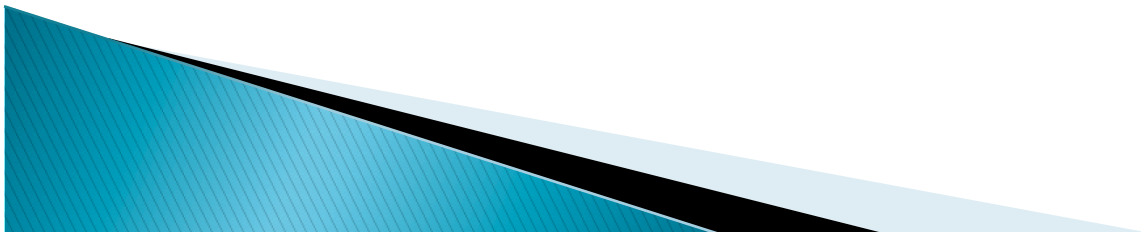
Significant Budget Components

- ▶ Thus, this year (FY09), we will have cut \$7 million from the General Fund budget and frozen 8.5% of the General Fund's workforce
- ▶ All departments have been and will continue to be, impacted
- ▶ Services will be impacted



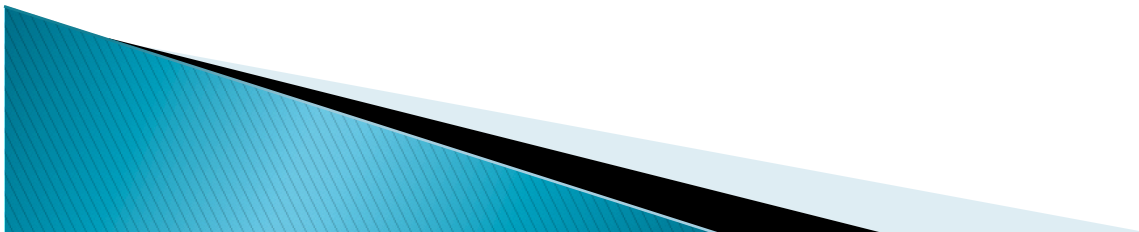
Significant Budget Components

- ▶ For my FY10 budget recommendation, “Scenario #3” presented on January 6th will be recommended almost in its entirety (see handout), including . . .
- ▶ Make the actuary–recommended level of contribution to the Police–Fire Pension Fund
 - \$13 million in FY10
- ▶ Continue the hiring freeze
- ▶ and . . .



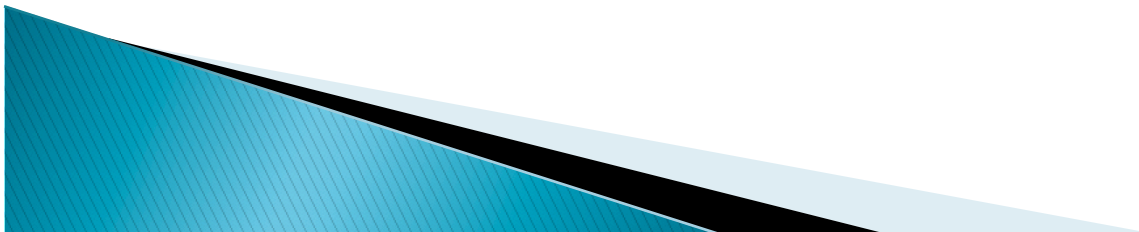
Significant Budget Components

- ▶ Eliminate various contract positions (layoffs)
- ▶ Reduce transfer to Parks by \$500K
- ▶ Reduce transfer to Health by \$250K
- ▶ Reduce transfer to Transportation by \$500K
- ▶ Eliminate/Reduce non-profit service contracts
- ▶ Eliminate Busch Building security system
- ▶ Eliminate employee leadership/supervisory training program
- ▶ Eliminate community programs (contribution toward Festival of Lights, CID payment, downtown WiFi, etc)
- ▶ and . . .



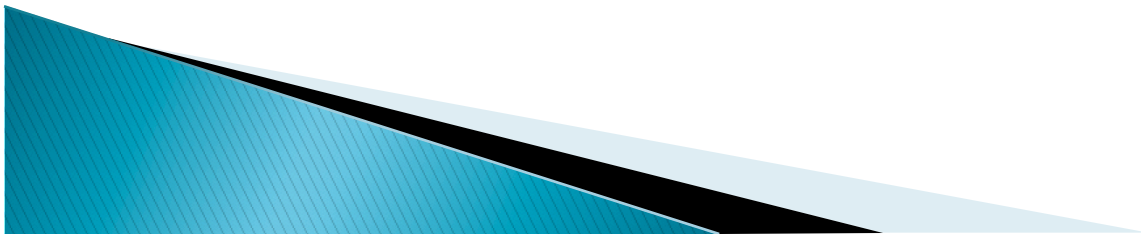
Significant Budget Components

- ▶ Reduce departmental budgets
- ▶ Suspend deferred compensation program for unclassified employees
- ▶ Suspend employee cost-of-living increases
- ▶ Suspend employee merit step increases
- ▶ Suspend Crime Lab payment (one year)
- ▶ Eliminate summer concerts and other City-sponsored activities at Jordan Valley Park
- ▶ Eliminate neighborhood assessments
- ▶ and more



Significant Budget Components

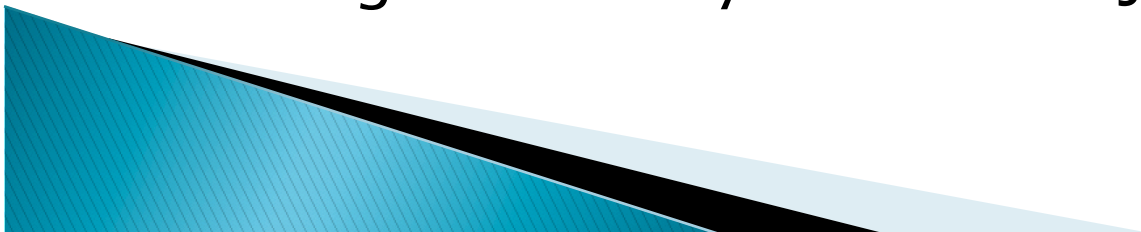
- ▶ But let's look briefly at the impact on our police and fire services, and discuss our recommended plan of action . . .



Significant Budget Components

► Impact on Police Department

- Currently 34 officers (10.4%) below budgeted strength
- Action: Immediately begin reassigning COP and PAR officers
- Seeking advance approval from Council to begin process to refill 10 police officer vacancies (estimated cost: \$568,000/yr)
- To be funded via additional Gross Receipts revenue
- Target academy start date: July 6, 2009



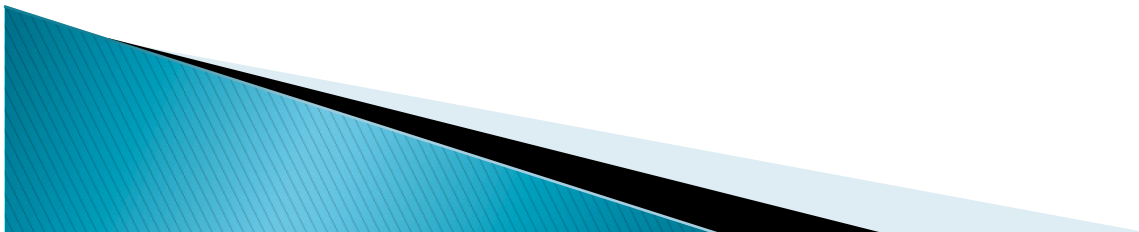
Significant Budget Components

- ▶ Impact on Fire Department
 - By June 30, expect to be 20 firefighters (9.4%) below budgeted strength
 - Immediately begin shut-down of one Unit
 - Rotate around City to spread risk
 - Seeking advance approval from Council to begin process to refill 5 firefighter vacancies (estimated cost: \$278,000/yr)
 - To be funded via additional Gross Receipts revenue
 - Target hiring start date: July 6, 2009



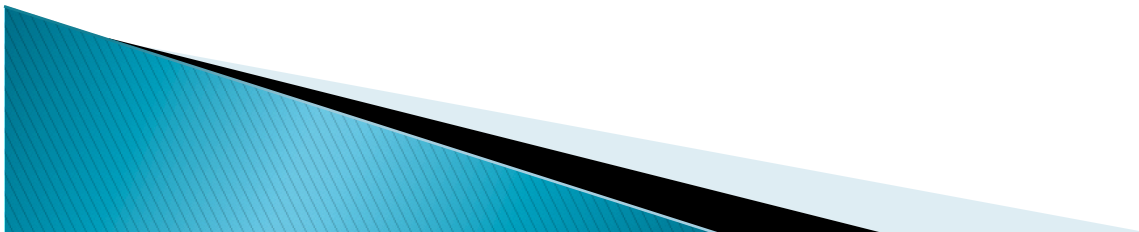
Significant Budget Components

- Per my January 6th memo (handout), the City has additional budget obligations/challenges:
 - Health Insurance plan
 - Worker's Compensation deficit
 - Retirement pay-out obligations
 - ERP computer system upgrade
 - Lifecycle replacement for capital assets
 - *ARRA funding may provide Police vehicle replacements*
 - Plan to use additional Gross Receipts revenues to partially address these obligations (plus refill 15 Police and Fire vacancies)



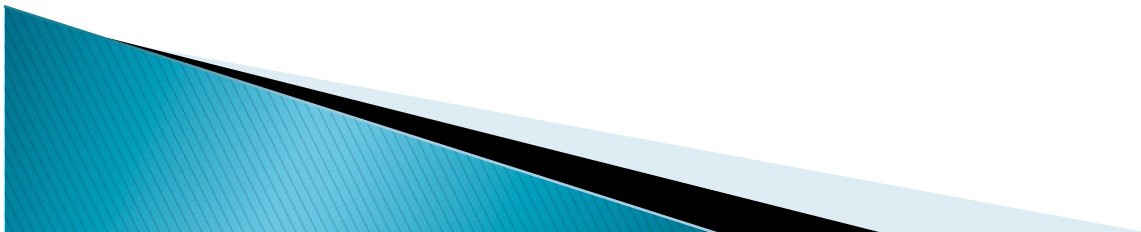
Significant Budget Components

- Revenue Growth in FY10 will allow us to:
 - Begin refilling 10 police officers and 5 firefighters
 - Make the recommended actuarial contribution to the Police–Fire Pension Fund
 - Begin to address shortfalls in self–funded Health Insurance Plan, self–funded Worker’s Compensation plan, and retiree pay–outs
 - Provide for Police Department’s increased Service Center costs
 - Provide minimum increase to address growing building maintenance costs



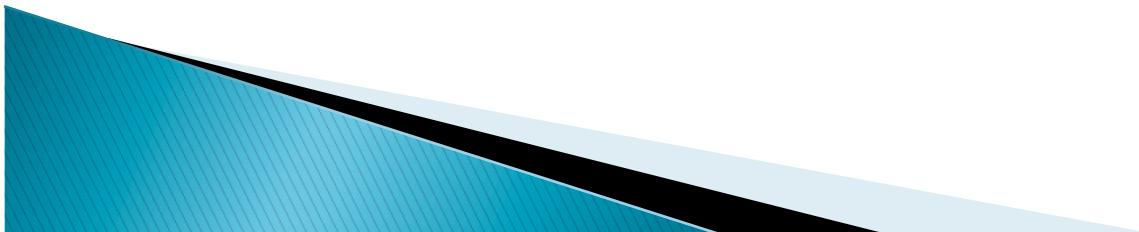
Creative Efforts

- Sale of City-owned property
 - RFP for property in southwest Springfield
 - Inventory of City-owned properties
- Additional research/evaluation of other cost-cutting measures
 - Use of benchmark peers
- Study to adjust overhead rate
- Pursuit of Federal economic stimulus funds



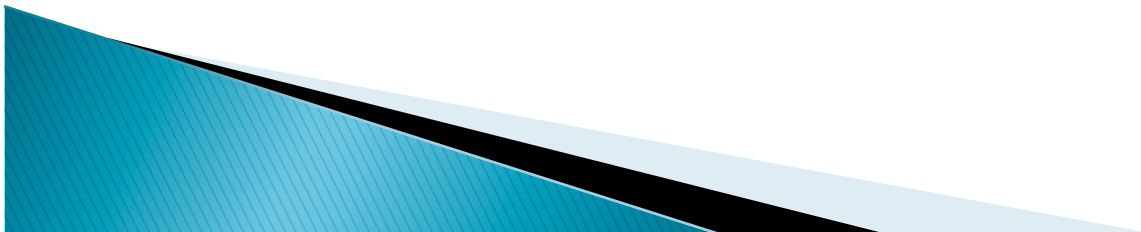
Appreciation

- Thanks to the Leadership Team for their hard work, dedication, honesty, and creativity
- Special thanks to Evelyn Honea
- Special thanks to Mary Mannix–Decker, Jennifer Severson, and others on the Finance staff for the development of the FY10 budget document that you will receive on May 1
 - This presentation addressed only the General Fund
 - Complete budget (May 1) will include all funds (e.g., Enterprise Funds, Grant Funds, Special Revenue Funds, Capital Project Funds, etc.)



Proposed Timeline

- ▶ Delivery of Proposed FY10 Budget: May 1
- ▶ Council budget workshop sessions: May 5, 12, 19 lunch meetings
 - Additional budget workshop sessions?
- ▶ First reading at Council: May 18
- ▶ Second Reading and Adoption: June 1



A GLIMPSE INTO THE FY10 GENERAL FUND BUDGET

QUESTIONS?
COMMENTS?

